

SENATE BILL REPORT

2E2SHB 1738

As of May 4, 2011

Title: An act relating to changing the designation of the medicaid single state agency from the department of social and health services to the health care authority and transferring the related powers, functions, and duties to the health care authority.

Brief Description: Changing the designation of the medicaid single state agency.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Cody and Jinkins; by request of Governor Gregoire).

Brief History: Passed House: 4/06/11, 54-43; 5/02/11, 53-42.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: The Medical Assistance program component of the Department of Social and Health Services (DSHS) administers the medical and dental care components of the state Medicaid, State Children's Health Insurance, and Medical Care Services programs. Those programs are expected to provide medical and dental coverage to an average of 1.2 million low-income Washingtonians each month during the 2011-13 biennium, at a total biennial cost of \$10.4 billion, of which \$4.8 billion is to be from state revenue, with the balance from federal matching funds.

In addition to administering the medical assistance component of the state Medicaid program, DSHS also administers Medicaid-funded developmental disabilities, long-term care, mental health, and substance abuse services. Those services comprise about 40 percent of total state Medicaid expenditures. DSHS serves as the single state agency that under federal law must be responsible for administering all aspects of the state Medicaid program.

The Health Care Authority (HCA) administers state employee health benefit programs through the Public Employees Benefits Board. The HCA also administers the Basic Health Plan and a grant program for community health services; coordinates initiatives related to state purchased health care in the areas of prescription drug and health technology purchasing; and administers federal grants for planning and implementation of the state health insurance exchange required by federal health reform legislation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

By executive order, the Governor has appointed the same person to administer both the HCA and the Medical Assistance program in DSHS, and has begun efforts to coordinate state medical purchasing between the two agencies.

Summary of Bill: The HCA is designated as the single state agency for the administration and supervision of Washington's State Medicaid program. All responsibilities related to the administration of the Medicaid program are transferred to the HCA. The HCA administrator is changed to a director. The director is authorized to administer the medical assistance programs and the State Children's Health Insurance Program and must be responsible for the disbursement of funds that the state receives in relation to those programs. The director may appoint any committees and commissions needed to comply with federal laws and funding requirements. Several responsibilities that had been shared between divisions of DSHS will be shared between the HCA and DSHS.

All employees of the Medicaid Purchasing Administration (MPA) within DSHS are transferred to the HCA. All rules, apportionments of budgeted funds, and pending business of the MPA are also transferred to the HCA.

The HCA is authorized to conduct adjudicative proceedings or hearings for (1) an applicant or enrollee who is aggrieved by a decision of the agency; or (2) a current or former enrollee who is aggrieved by a claim that the enrollee owes a debt for overpayment. This authority is substantially similar to the adjudicative proceeding authority of DSHS. When a person seeks review of decisions made by more than one agency, the initial review will be conducted in one proceeding, and opportunity is provided for the hearing officer to break the issues into multiple proceedings. HCA must adopt rules for the hearings rights.

The HCA is authorized to charge fees, collect overpayments, and file liens. In addition, the HCA may collect from tortfeasors or its insurer in any case in which assistance is paid due to negligent conduct toward an enrollee. This authority is substantially similar to DSHS' authority to collect overpayments and secure reimbursements.

DSHS's responsibilities regarding coordination with health insurers for health benefits for recipients of medical services are transferred to the HCA. The HCA is authorized to collaborate with other state or local agencies and nonprofit entities to carry out its responsibilities. DSHS and the HCA must determine financial and functional eligibility for people applying for long-term care services through a single process in a single location. It is specified that the Disproportionate Share Hospital payment methodology provisions do not create a right or entitlement for any hospitals. References to several expired duties are eliminated, including reporting on children's Medicaid mental health benefits and amending the state's Medicaid Plan to include personal care services in the categorically needy program.

DSHS and the HCA must provide a preliminary report to the Governor and Legislature by December 10, 2011, and a final implementation plan by December 1, 2012, regarding the role of the HCA in purchasing mental health, chemical dependency, and long-term care services. Several items must be addressed in the reports including improvement of prevention efforts, service delivery, assurances of long-term care services in the least

restrictive environment, measurements of cost savings, measurement of outcomes and satisfaction, designation of a single point of entry for eligibility determinations, and collaboration with local governments. In developing recommendations, the agencies must consult with stakeholders and cooperate with the Joint Select Committee on Health Reform Implementation.

DSHS and the HCA are to enter interagency agreements establishing the division of responsibility between the two agencies with regard to chemical dependency, developmental disabilities, mental health, and long-term care services. The agreements are to be updated to reflect the final implementation plan adopted by the agencies.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2011.